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# West Europe Report

(FOUO 53/81)



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ECONOMIC

FRANCE

PATRONAT: ROLE, POLICIES UNDER SOCIALIST GOVERNMENT

Paris PROJECT in French Sep-Oct 81 pp 949-954

[Article by Henri Vacquin: "The Need for Employer Identity"]

[Text] In four rounds, the employers have lost political power. Along with it they also lost a certain type of relationship with the administration. The labor inspector is becoming more of a source of worry, the "provisional order" is becoming less clear, "the RG [General Information Directorate of the Ministry of the Interior] is becoming less useful," "the conciliation board members are less slow, and layoffs are even more rigid while it is almost impossible to fire any labor union delegates, all of this is taking place against the background of an expanded labor union role in the enterprises. The employers suddenly find themselves exposed, without anybody to latch on to in dealing with a political power whose scale of values is as alien to them as it is unpredictable and disquieting.

Employers in Limelight of Politics

Since May and June 1981, an entire population stratum, which plays a decisive role in keeping the economy going and thus managing its performance, has been adrift. It is even further shaken up by the close look which the political power or the labor unions are taking at it in their naiveness or ignorance. "It is enough to make you vomit," says one; "this is like traveling steerage," said another in July, at a moment when the employers, circling the wagons, are more concerned with standing shoulder to shoulder than developing a determination to harm anybody. In this very binary country, the images of Epinal worked too well in the past to permit the recognition of the real identity of the other side to be easy. Today, the employers are paying the price. Of course, the former majority and they themselves made much use of the procedure to deny the Left and the labor unions but they did not gain anything. Before that, the labor unions developed under the same Manichean gaze and we have been able to see the results for ourselves. The political majority and the labor unions should meditate on that score at the risk of failing to bring about the change which they are henceforth committed to. Since 1974, it was that same desire for change which brought Mr Giscard d'Estaing and then Mr Mitterrand to power: This is a latent demand for a more reliable social regulation system, aimed at less unemployment and more efficiency.

Because Giscardism did not succeed in modifying the effectiveness of the social triptych, that is, the public powers, the employers, and the labor unions, it is now Mitterrandism which is today responsible for doing the job. The social consensus, which the government is seeking, because this is a profound demand,

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means that it is necessary to rethink the links between the employers, the labor unions, and the government. It would work only within the context of the social game, with the labor unions replacing the employers in the privileged link which the latter had with the government. The social crisis triptych--in coming to grips with the 2 million unemployed in the future--needs a strong policy and that means a labor unionism which will awaken to reality plus a powerful employer identity so that mutual exchanges may be bounced and so that the realities of the enterprise may be presented in the debate even and above all if the interpretation which the employers give to events is different from that of others.

Now, this fundamental need for a strong identity for each actor does not depend on each of them. The most vulnerable right now are the employers; it is perhaps not entirely useless to remind the new government of that either. Political power always structures its conversation partners and this is particularly true in France where the employer institutions traditionally have been strongly under its control. The abrupt break of the umbilical cord between the political establishment and the employers will only accentuate the solitude of the employers. It will be necessary to avoid any hasty interpretations of their behavior at the risk of understanding nothing.

## The State of the Employers

In the face of this new attitude, where are the employers and, in order better to understand their state of mind, where do they come from? Beyond their well-known heterogeneity, they have in common a taste for power, for action, a developed sense of individualism, an aggressiveness stimulated by competition, and great pragmatism. All of these are aspects which characterize them even ahead of the profit motive. To succeed or to last, they also need some contradictory aptitudes, including strict management and a capacity for transgression without which they can be no creativity. While they have no monopoly on these aptitudes, they live them daily with a sanction of their decisions which is all the more immediate, the smaller they are--and that helps to develop the art of decision-making.

Nevertheless, the employers, like the rest of French society, can be subdivided in various ways, depending upon the approach. The Marxist approach gives us a rather homogeneous representation, except when the vicissitudes of elections introduce the need for separating the big ones from the little ones. The election approach lines them up in the form of Giscard-Chiracians. Looking at their current or future ways of behavior, general definitions are even more effective. Their pragmatism, their loyalty to the enterprise, and their fighting spirit in the end make them accept social and political changes. But right now, the employers, small or big, are in shock and they are worried and their first reflex is to kick. The preceding administration was familiar to them; they knew how to anticipate what it was going to do; the new administration is still rather hazy regarding its blueprint and the more it is so, the more it plays on cords which are not theirs. The visit to the Pantheon of President or the sincerity of the premier may seduce the crowds but they irritate, they confuse, and they even shock a little bit and lyricism is often something unusual in employer circles. Mr Barre had gotten them accustomed to the upgrading of business, while the newcomers, with a few exceptions, appeared less competent and less credible to them. Anti-intellectualism is as widespread among the employers as workerism is among the labor unions.

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## After the Fear of the Labor Unions—a Revolution of Habits

Finally, for most of the employers, the elections were not won only by the political Left but also by the labor unions. This is another characteristic of the majority of French employers; the labor unions were never really recognized as a fact of life, they were barely tolerated. Labor unionism inspires fear and that fear grows the more one has to deal with it. Now, more than two-thirds of the employers, the small employers, are not familiar with it; they experience it through agents, avoiding the cut off figure of 50 persons and they establish branches for groups of 49 people. For those who have practical experience with the labor unions, the "annoyances" rather than fear characterize their behavior and their familiarity with labor unions, as a fact of life, is approximative; by way of example we might mention the hard approach which was greatly developed after 1978 where the decline in the fighting spirit in support of wage demands involved the enterprise management in a struggle usually directed against the labor unions as such.

From Mr Furnon at Novatome, going through the "salt mine" of SNIAS [National Aerospace Industry Company], at Marignane, where an employer group worked to eliminate the labor unions as a fact of life in general or mounted a selected drive in which the CGT [General Confederation of Labor] and the CFDT [French Democratic Confederation of Labor] suffered heavily. In other employer circles, fear produced soft technologies for the elimination of manufactured products in the peripheral research companies of the employer institutions. Finally, a certain liberal, modern, young or Christian employer group, although in the minority, pursued a strategy of cooperation with the labor unions. According to all evidence, this group is today least troubled. This fear of the labor unions on the part of the employers is accentuated today by the specter of the extension of collective bargaining agreements, particularly in the PME [small and medium-size businesses] where the assumption as to the development of labor unionism in the streets, in the counties, or in the residential sections causes a real scare. (A labor unionist once a week comes to the street, as is done by the CFDT in Paris in the Sentier section.)

Here again, when the extension of labor union influence takes place, the employers simply adjust, finding out that reality is less anxiety-generating than the myth. Right now, fear is sustained by the absence of contact which permits all kinds of assumptions, including naturally the most apocalyptic ones. For the most part, the employers associate labor unionism with an attack on their freedom to make decisions; it matters little to argue about the refusal of the labor unions to become involved in this field; this fear has irrational strength behind it.

The employers also are going to have to submit to a long-range regionalization and, as of now, a new way of gradual negotiation, from the national level to the branch level and down to their enterprise. We cannot rule out the possibility that the time when it was enough to implement the decisions of the particular labor union category is gone. The reduction in working hours will really be negotiated in the field as a function of the special features of each enterprise. It will be necessary to negotiate the replacement of certain gains with others, based on the specific nature of the enterprise and the moment; it will be necessary to know how to work out temporary and renegotiable accords, to replace the sliding scale with the scale of economic realities, and to negotiate partial compensations and productivity increases. In addition to surprises on the market and regarding credit, the

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employers will have to learn to negotiate differently, taking on the burden of having to train their labor union conversation partners in absorbing management data which for the most part are beyond them. Never before perhaps has so much been demanded of them. This is because they are not only asked to participate in a modification of social relationships but also to prevent the ravages of inflation in connection with which power in wage negotiations will quickly tell them that they are the best guarantors.

## New Legitimacy

Accustomed to adversity, the employers should, after recovery, benefit from this situation and derive some advantages. There are many elements in their favor. Since 1974, the crisis has considerably upgraded the image of business; the French have become aware of this: Jobs and the quality of life constitute a decisive key in the enterprise. This realization of what business means is accompanied by a simultaneous understanding of the management function. In 1968, many employers had confused the demand for a different type of authority with a rejection of authority and government. As a matter of fact, what we have now is a tremendous number of demands that must be handled—but in a different way, this way. This is perhaps what brought Mr Giscard d'Estaing down and what Mr Mitterrand understood so well since he is a fan of Florentine authors. The new administration has much charisma and much in the way of symbols; it is also developing an image of power whose fallout will benefit the legitimacy of the exercise of decision-making authority by the manager of the enterprise.

Invested with this symbolic reinforcement of legitimacy, the employers will also benefit from an entirely different demand addressed to them by the government. Of course, less will be possible in the way of excesses because surrounding labor union and government pressure will be much more present; but, regardless of how little the rules may be respected, the administration, which needs the employers for the economic upswing, will become more sensitive to their state of mind. And that includes compensation for the increase in the interoccupational minimum growth wage, the recasting of the entire social security setup, as well as the desire of the new administration in Paris to meet with the enterprise bosses. Never before has an administration expressed such curiosity in meeting with business and the employers who are less and less considered exclusively as profiteers but also as sources of jobs.

## The Possible Awakening to Militantism

The average employer conceives a link with his professional organization as being something very close to anarchism where individualism exerts pressure on the desire for collective investment. From his labor union, he expects assistance in terms of disputes and the law, he expects aid concerning the rights for supervised working time and an often narrowly corporative defense of his individual interests. The average employer was a virulent autonomist; in his eyes, the CNPF [National Council of French Employers] and the CGPME [General Confederation of Small and Medium Size Businesses] were very Parisian organizations from whom he demanded much without giving any of his freedom out in the field.

In their entire past, the employers have displayed tremendous allergy against collective organization. The only moments of unity came during the time of the

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great fear, in 1968, before Grenelle, and the launching of the ECSC in 1936. The corporatist-individualist had a limited need for collective identity to support him. Today, a radical change is taking place. The French Left wants "to diffuse power in the enterprise"; this suggestion touches the very center of the scale of values of the small or big employer. The stakes are no longer measured in terms of 2% more or less in financial terms but involve the very foundation of employer identity. From this change will spring an entirely different demand for collective belonging and employer identity, in other words, a stronger demand for a national link around which this identity could take shape. The employers are going to discover the strength of the unity myth.

The 18 July 1981 protocol on the reduction of working hours was forwarded for negotiations by branches and the latter in turn will pass this on to the enterprises before spelling out their commitment. This decentralization will make the employer negotiate on the basis of his own specific nature and he will no longer be implementing a nationwide agreement. This is an evolution in the association link between the employer and his organization; the employer will ask his local, departmental or regional association to help him in negotiating. And the employer organization will get more involved in the real situation faced by its members. This double phenomenon can lead to a kind of association link which would be something new.

The political establishment has turned regionalization into the keystone of its reform drive. This upgrading of the department, of the region, as far as the employer is concerned, will move the decision-making places closer to the place of his preoccupations. A personality in his region, very much in evidence on the social scene, the employer is already in a good position to tackle his task much better than the local union leaders. Decentralization will upgrade or create regional negotiating bodies for which the employer structures, sometimes unused for a long time, are much better prepared than the labor union structures. The employers will discover that reality offers much more opportunities than the apocalyptic visions might hint today.

## Toward a Powerful National Employer Confederation?

The fear of the wolf, the defense of identity, the learning of negotiating procedures, the adversity represented by the international crisis, the obligation to go it alone—now that they have lost their mentor with the disappearance of a friendly political establishment—the need for henceforth having a common frame of reference, a doctrine, a policy—all of these are new factors whose combined effects will push toward a rally. It remains to create the doctrinale and organizational conditions for this profound demand. The employers are not entirely helpless. Over these past 20 years, they have often struggled with these problems, regardless of whether it involves doctrinale or even awkward research (the liberal charter of Mr de Calan) or proposals for structural reforms in the GEROP. Regardless of the tools which the employers may use, they face one problem: At last to create the great employer confederation which will be totally representative and which will be adapted to the profound latent demand.

Did not Mr Mitterrand, from the CERES [Center for Socialist Studies, Research and Education] to the Rocardians, manage to solve the problem of squaring the circle which was more complex in its heterogeneity than that of the employers?



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If Mr Ceyrac goes, it now remains for the employers to figure out their policy and to find the leader capable of tackling the difficult management of the operation. But that is not the least paradox: At a moment when they believe they have lost much due to the elections, the employers find themselves forced to win their identity.

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POLITICAL

FEDERAL REPUBLIC OF GERMANY

STRAUSS ON COALITION'S PROBLEMS, CDU/CSU POLICY

Hamburg STERN in German 10 Sep 81 pp 264-271

[Interview with CSU chief Franz Josef Strauss: "'If Schmidt Has the Courage To Reduce Social Payments, We Are Prepared To Support Him'"]

[Text] In an interview with STERN, CSU chief Franz Josef Strauss explains why the CDU/CSU should not hope for a breakup of the SPD-FDP coalition and under what conditions the chancellor can count on CDU/CSU support.

STERN: More and more Germans want to emigrate because they do not see any real future prospects. How do you feel personally?

Strauss: Uneasy too when I think about the present situation in Europe and in this country. For simplicity's sake I draw on the words of Economic Minister Graf Lambsdorff for the conclusion that things are not what they should be in this country. He has said recently that the country must be straightened out again. Surely one does not make such a statement unless something is not right.

STERN: This probably is also the view of those who are emigrating, and their number is increasing. It is expected to amount to 100,000 next year.

Strauss: Too many things are converging at present--the fear being stirred up by ideologists to serve their purposes, the fear of war being stirred up by people espousing pacifism, behind which is Moscow's psychological warfare. Added to this is the vague feeling that the foundations of prosperity are swaying and that the pillars of stability have already partly burst. Perhaps one ought to include a third motive. People see countries with great expanses, where life is more informal, with less government providence and social care, less government omnipotence, with greater personal freedom of movement and, at the same time, substantially greater risks and less social security--the United States, Canada, Australia. I at least have not heard of anyone wanting to go to the countries of really existing socialism.

STERN: Do you seriously believe that the fear of war now manifesting itself in the protest of the peace movement is exclusively the result of Soviet propaganda? Don't you think that many people are honestly and sincerely manifesting their displeasure about constantly increasing armament?

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Strauss: I want to make this clear once and for all: I have never yet imputed a dishonest motive to convinced pacifists who are against any use of force, but I have done so in the case of communists espousing pacifism to serve their purposes, in whose view Soviet atomic weapons are instruments of blessing, whereas atomic weapons in the hands of the Americans represent diabolical means of mass annihilation. In this connection, even though unfortunately hardly any history is being taught in school any more...

STERN: ...Not in Bavaria either?

Strauss: In Bavaria still and again, but not to an extent I find satisfactory. In this connection, I say, one should not forget the disastrous role played by the pacifism debate in France and Britain in the thirties. Hitler was delighted about its expansion, made sure he was kept informed about its progress and drew the conclusion from it that, because of their internal exhaustion and because of their internal weakness, the western powers in the event of an attack against Poland would no longer be in any position to implement their Polish security guarantee.

STERN: What do you mean by that?

Strauss: All collectivist systems, all totalitarian states have an inner law--expansion of power. They are not satisfied until whoever is their closest neighbor is subjected by force to their will for power, or at least made politically dependent.

STERN: You once said that Brezhnev has more brains in his behind than his German admirers have in their heads. So chances are that he will not start a war.

Strauss: I said so after an anti-Reagan campaign in part of the press and the media public corporations. As if Reagan were the cowboy in international affairs, constantly in a "High Noon" mood, his hand on his gun, walking into the Western saloon, shooting down the lights--in other words, representing an incalculable risk. Reagan had said: The communists lie and cheat when they are concerned about world revolution. The German admirers of Brezhnev and opponents of Reagan then immediately empathized with Mr Brezhnev, noting while shedding crocodile tears that the door between Moscow and Washington had now been slammed shut for an indefinite period. They had not even been able to dry their tears when Brezhnev declared that he attached the greatest importance to meeting Reagan as soon as possible in a summit meeting to discuss all great international questions, and thus also those of armament and disarmament policy. I therefore need not retract any of my assessment of the tactical attitude of totalitarian states. I consider Brezhnev a true statesman who, unlike Hitler, is not blind to risks or obsessed by risks but conscious of risks and shying away from them.

STERN: Fear happens to be the basic feeling in our time. Since the founding of the Federal Republic it has never been articulated as strongly as now.

Strauss: That is true. But we should also name the fearmongers. How about the federal chancellor, who has claimed several times in all seriousness that the CDU/CSU is conjuring up the danger of war and that the SPD alone offers a guarantee of peace? Is that not fearmongering? There is a macabre humor in the fact that now suddenly the chancellor in Copenhagen is urgently reproaching Europe for being

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too afraid. This is a case of someone feeling guilty, because, if only owing to his high position and his former high reputation, he has decisively contributed to generating that fear. It is a case of someone switching from the arsonist's role into the fireman's uniform. The whole spectacle being staged by the SPD in connection with the counterarming decision and the decision by the U.S. President to produce the neutron bomb--a spectacle in which Soviet producers too have made known their interest and their participation--has led to an increase in this climate of fear.

STERN: There is also fear for our economic future. But since the federal government began its efforts for a budget reform the CDU and CSU have been silent, leaving the citizen in a quandary as to where the CDU/CSU would do its red-penciling...

Strauss: ...This question was bound to be asked...

STERN: ...At the moment it is the most urgent question...

Strauss: ...I will not avoid it either. But first I would like to make it clear that we refuse to share the responsibility for all that the SPD-FDP coalition has botched since 1969, and also that we are not prepared to take the blame for the government program, which is inadequate and unbalanced and constitutes a poor compromise.

STERN: But the citizen is entitled to expect a clear statement by the opposition concerning the policy of expenditures for the next few years...

Strauss: ...Nor do we want to get out of that. On the contrary, we will make some economy proposals of our own. As long as the government is not prepared to expose the true causes of the poor financial situation with unsparing self-criticism, and to steer a radically new course from social-care thinking to performance thinking, there is no togetherness anyway. So please no further search for alleged scapegoats to serve as an alibi for one's own failure!

STERN: What do you mean by that?

Strauss: When things were going downhill economically, the SPD-FDP government never looked for mistakes of its own. Those at fault always were the businessmen, the doctors, the dentists or the real estate agents, and finally the oil princes and the multinationals--in other words, me too. For I too am a multi: I own 100 Exxon shares...

STERN: ...Exxon has 697,000 shareholders...

Strauss: ...One really ought not to overestimate my influence on Exxon's business policy. But back to the economy program. As far as I am concerned, one thing is clear: Before one can talk about individual points of budget reform, one must reveal the true causes of the precarious financial situation in order to make possible a radical change of course.

I am sure the government has not got the strength to do so.

STERN: What do you think are the true causes of the financial straits?

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Strauss: Ever since the SPD and FDP started governing, it has become fashionable to spend more money than is being earned and, on top of that, through ever new taxes to see to it that business loses the desire to invest. Without investments there are no jobs and no funds for covering social expenditures. Our economy has not slowed down only because of the policy of high interest by any means, as the Social Democrats would like to make one believe. It is suffering far more acutely under the disparagement of business and the performance concept. One therefore has to put an end to this philosophy of envy and to this credo of ignorance. Or did the SPD and the FDP perhaps not arouse the covetousness which encourages the lazy to be lazy? When the government realizes this and, on top of it, at long last summons the courage to make reductions in social payments we cannot afford any longer, we are prepared to support it.

STERN: In an all-party government? Or are you flirting with a grand coalition to remove the financial straits?

Strauss: The opposition can neither resign, nor can the opposition claim a majority in the current Bundestag. The government must approach us. It was not all that long ago that Mr Schmidt shouted to the CDU/CSU in the Bundestag, "I don't need you to solve my problems."

STERN: As minister-president you have the opportunity in the Bundesrat [upper house] to change the economy concept your way. Do you want to take advantage of that opportunity, are you going to let the government run aground?

Strauss: In case of a genuine change in course, our offer of cooperation stands. But I think the coalition is unable to make a fundamentally different economic and financial policy, such as is also being mentioned by Genscher and Lambsdorff after they have put the country in disarray as helpers of the SPD. We cannot spare the FDP that blame.

STERN: At least the liberals have prevented the supplementary tax demanded by the SPD and the employment program.

Strauss: And that was needed too. For with those crazy notions the socialists have demonstrated once more that they cannot learn. As soon as they venture forth into the economic policy and financial policy sector, they leave their brains in the cloakroom, then put on a small or large Marx wig, including a beard, and then again hold forth about the theory of the state being in charge everywhere and of the stupidity of business. They probably will never understand that social security presupposes performance which brings in the money. But I cannot expect performance from someone whom I constantly burden with new taxes. Therefore all plans for releasing the money to rev up the economy with the help of tax increases are just as imbecilic as wanting to make a diabetic feel more vigorous by letting him have some glucose.

STERN: Is it really possible to do without more taxes?

Strauss: The possibilities of taxing the citizens have been exhausted. If one wants to get the economy going again, one must lower taxes (such as the wealth and license taxes). Even businesses that are no longer profitable, that are in the red, have to pay a trade return tax if they duly pay the interest on long-term borrowed

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capital. As long as the burden of interest was 6 or 7 percent, this was not such a pressing problem. But now that the interest is between 14 and 16 percent, at least in this area immediate steps should be taken, and the CDU and the CSU would go along with these. And the planned new fixing of unit values of real estate must not under any circumstances lead to a cold tax increase, and thus to cold exploitation of real estate owners.

STERN: You have no use for governmental employment programs?

Strauss: Unemployment can be fought only by lasting strengthening of private and public investments, not by programs intended to offset economic trends. The SPD calculations to finance government programs creating jobs with the help of ever higher taxes, in order to rev up the economy, have never yet worked out. The only correct prescription is to enable businesses to increase their yields, and thus also their profits, but also to give the workers performance bonuses.

STERN: But first you expect the workers to take on new burdens as a result of drastic intervention in the social net...

Strauss: ...The social net ought to help the truly weak. Today the social net is increasingly being abused by the lazy as a comfortable hammock. That cannot be tolerated any longer.

STERN: Where would you put the knife first? At continuing to pay wages in case of illness?

Strauss: Such intervention presupposes a readiness on the citizen's part to make sacrifices...

STERN: ...It seems to us that this readiness is greater than the politicians believe it is...

Strauss: ...I think so too. I am therefore prepared to advocate tough measures.

STERN: You are evading our question. What do you think about continuing to pay wages in case of illness, for instance?

Strauss: Never fear; you will get a clear answer. We will have to introduce waiting periods for all workers in order to limit, above all for small and medium enterprises, the no longer bearable avalanche of costs resulting from continuing to pay wages. In this country the average absence owing to illness is simply too high. Surely we are not a nation of sick people.

STERN: Would you also advocate reductions in unemployment benefits?

Strauss: Social payments have to be examined in toto--in other words, also including unemployment benefits, which are not excessive in the case of the truly unemployed. Surely it is absurd that in this country someone drawing unemployment compensation, by taking advantage of the continuation of wage payments and of the wage tax adjustment for the year, can earn more than someone who has worked every day throughout the year. Some action has to be taken there. Just as important are stricter rules governing the question of whether someone can be expected to take a certain kind of

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job. Or is it proper for the federal government, in 1981 for example, to pay more than 8 billion marks in subsidies for miners' insurance (as much as three-quarters of the total expenditures) if the rightly superior care of miners is also extended to those who have never worked underground. Also unavoidable are reductions in certain areas of overblown social assistance and the canceling of payments in the event someone refuses a job and the like.

STERN: The economy commissars of the opposition are also considering changes in promoting training.

Strauss: We will be unable to avoid cutting the BAfoeG [Federal Law for the Advancement of Education] payments to high school students, and of course there will have to be a rethinking of aid for college students as well. There are too many college students being supported in the Federal Republic. It used to be that 5 percent of an age group would attend college--and would do so at a high level. Today an average of 20 percent attend college--lowering the level of performance substantially.

STERN: How do you want to make reductions?

Strauss: I am for a two-track system. Whoever does normal-level work can get loans; whoever comes up with a top performance should get a subsidy or fellowship.

STERN: Why are the CDU and CSU actually being so difficult as far as a reform of the children's allowance is concerned--for example, as regards introducing income limits?

Strauss: I don't need any children's allowance of course. Nor do I oppose income limits. A children's allowance is certainly already problematical as far as the first child is concerned, for the family's burden does not really start until there is a second child and particularly a third child. And there, of all things, the government wants to reduce payments. We don't agree with that.

STERN: Last week it looked as if the government would fall apart over the economy dispute. Were you hoping for a switch in coalition by the liberals?

Strauss: So far the prevailing opinion has been that Genscher was confronting the SPD with the alternative: Either the SPD knuckles under, or the FDP will leave the coalition. Put politely but drastically, this means that the tail is wagging the dog. This relationship is now starting to reverse itself. Increasingly the dog is wagging its tail again, because in the future the threats of the FDP will no longer be taken seriously by the SPD. Mr Genscher and Mr Lambsdorff have made so many vigorous threatening statements only to slip into the coalition bed again afterward, having sacrificed their sacred principles in order to make the coalition last a little longer. They have fallen on their faces again. They did not even manage to put across their minimum demands...

STERN: ...But at least they have prevented salient tax increases. But back to the question: Did you think the FDP would leave the coalition?

Strauss: I have never been one of those who predicted that an FDP change in coalition was pending or was to be expected soon for sure. Besides, what Genscher

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wants or does not want is almost irrelevant. As a result of its many strong statements which then were not made good, the FDP has forfeited its credibility. We will not permit it to steal away from its complete share in responsibility. None of the poor conditions it now deplores would have come about without the FDP.

STERN: Wait a minute, Mr Strauss. Didn't you signal to the FDP some time ago that if it finally left the coalition and formed a government with the CDU/CSU it could even count on Genscher becoming chancellor?

Strauss: I beg your pardon? That did not come from me. But a CDU/CSU politician is supposed to have said so. I think Mr Genscher himself in conversation with several people answered this hypothetical question with a clear no.

STERN: Why are you so firmly convinced that the FDP will stick with the SPD?

Strauss: Because Genscher is afraid that the party will fly apart, that there will be a rightwing and a leftwing FDP, with neither managing the 5-percent hurdle. At the FDP party congress in Cologne, Genscher had to fight a strong wind concerning his policy of dependability vis-a-vis the NATO two-track decision and his clear stand about the need for nuclear energy. He had to put his whole prestige on the line in order that the party congress might not end in an open defeat for him. Since then he has known where he stands with his party.

STERN: Why is it that the opposition kept silent so persistently in the budget debate, thus giving the FDP a chance to advocate demands reaching far into the CDU electoral clientele? Did none of you notice that?

Strauss: Your question is not entirely unjustified. Genscher blew up a balloon, which then hovered brilliantly over the vacation landscape. But in the meantime the air has gone out of the balloon again, and it is lying all wrinkled on the ground. As opposition we must not pretend to be the government. Besides to a large extent the FDP copied our demands. But at the coalition table it lost its courage again. How does our saying go? Sure they would have liked to, but they didn't dare be allowed to.

STERN: Anyway, there is no supplementary tax and there is no increase in the value-added tax.

Strauss: But of the salient intervention in the law governing performance [Leistungsrecht] which he and Lambsdorff talked about, only fragments have remained. This liberal socialist coalition has again shown that it is capable of only one thing--gradually to make the country ungovernable.

STERN: Ungovernable: that is one of your exaggerations. And, please, why do you say "liberal socialist" and not "social-liberal"?

Strauss: Because the latter, as far as I am concerned, means the wrong use of two terms sacred to me to describe poor results.

STERN: Let us assume that the FDP will, after all, change its coalition preference before 1984, or that there will be a CDU/CSU-FDP coalition. Is it conceivable that under those circumstances, of the successful tandem of Economics Minister



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Schiller and Finance Minister Strauss of the Grand Coalition of 1966, the latter will go to Bonn again in order to, as you say, straighten out the country again?

Strauss: That question I have been asked several times in the Bavarian Landtag, though in a much less friendly tone than yours. Personally I do not have the intention or desire to return to Bonn as a working politician. The idea that as a minister-president one has quit national politics is erroneous anyway. I have learned, though, that one should never say "never," because that way one imposes a restriction on oneself which might not make any sense one day.

STERN: You would be keen on national politics then?

Strauss: I enjoy being Bavarian minister-president, which right now is better than being mayor of Hamburg.

STERN: Does that mean that you do not want under any circumstances to become candidate for chancellor once more?

Strauss: I will not allow my person to stand in the way of any formation of a coalition, if only because of course I reserve for myself the freedom of opinion and of speech depending on how things are going.

STERN: And how are things going in the CDU/CSU?

Strauss: The CDU/CSU is facing an acid-test. It must achieve the masterpiece of subordinating to a greater degree all interests of groups, however legitimate, to the overall concept. That means a radical change in course, a genuine alternative to the government program, without which the CDU/CSU cannot claim credibility either.

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POLITICAL

FRANCE

REVEL: MITTERRAND POLICIES, CONTRADICTIONS

Madrid CAMBIO 16 in Spanish 15 Jun 81 pp 64-67

[Interview with Jean Francois Revel, former editor of L'EXPRESS, in Madrid; date not given]

[Excerpts] Jean Francois Revel, former editor of L'EXPRESS, spent 4 days in Madrid at the invitation of CAMBIO 16 and DIARIO 16.

"I have signed a contract to write a short treatise on the Mitterrand program, the socialist plan and, in particular, the anticipated nationalizations which, whatever the left may claim, entail a total change in the nature of the French economy. If all the private banks are nationalized, the control of credit will be transferred completely into the hands of the state, and this is absolute state control of the economy."

A Facade of Moderation

But, with Revel, CAMBIO 16 wanted primarily to analyze the French political situation since the Mitterrand victory and before the legislative elections that will take place in June.

CAMBIO 16: What is your opinion of the first socialist government of the Fifth Republic?

Jean Francois Revel: It is a rather improvised government, aimed at offering France an image of moderation with a view toward the legislation elections. Personages from the old SFIO [French Section of the Workers International (French Socialist Party)] have appeared, such as Prime Minister Pierre Mauroy himself, who is very anticommunist; there is Michel Rocard; and the members of CERES [Center for (Socialist) Studies, Research and Education] appear to be greatly controlled.

I mention improvisation because Mitterrand did not want to assume power so quickly. He wanted Giscard to remain at the Elysee until the 28th, and that is what he told Roger Frey, head of the Constitutional Council. But Giscard did not agree. He wished to leave as soon as possible. That forced Mitterrand to move hastily, and not without creating tension among the government group. For example, the prime minister who had been planned was not Mauroy, but rather Claude Cheysson, who had to be content, if we can use such terms, with the Ministry of Foreign Affairs.

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Cheysson accepted that relegation very unwillingly, and then demanded, in return, that the Ministry of Cooperation, which in France means Africa, be combined with the Foreign Affairs Ministry. In fact, that ministry has been entrusted to Jean Pierre Cot, who will come directly under Cheysson. Under Giscard, it was one of the ministries directly subordinate to the president. And now, Debray's appointment as Mitterrand's adviser, something disturbing, will not help to improve the atmosphere.

C16: So, a perfect socialist harmony does not prevail....

JFR: There are individuals on this team who hate each other's guts. The French Socialist Party is a great mosaic of movements, in the image of the Socialist International itself. There are convinced Atlantists and irate anti-Atlantists. There are advocates of a mixed economy and advocates of the state's total control of the economy. There are Social Democrats and there are Marxist-Leninists; and Mitterrand has had to give each one of the movements its small portion of power.

C16: How can cohesion and continuity be achieved?

JFR: Everything depends on the results of the legislative elections. It would be a big surprise if the left did not win them, although a fluctuating movement cannot be precluded either. But let us consider the most predictable hypothesis, which is the victory of the left. Then, everything would depend on the dimensions of that victory. The French electoral system is very peculiar, and can facilitate enormous changes in, and transfers of votes. If the left wins a small majority, of 10 or 12 deputies, Mitterrand will have to give up many things in the socialist plan. If the landslide occurs, and it gains 50 or 60, it will be backed by a highly radical assembly, which will demand of it the implementation of all the promised measures, regardless of how insane they may be. In fact, it may be predicted that a sizable increment in the number of socialist deputies, elected with the support of communist votes, would redound, rather, to the benefit of the PS' [Socialist Party] most leftist wing.

C16: By way of a welcome, Mitterrand has had to confront a decline in monetary value.

JFR: That is so, Overnight, and this is a fact, we French have found ourselves 25 percent poorer, and it has been necessary to put all the meat on the spit; that is, the Bank of France's reserves, to prevent a more serious decline. We are told to remain calm, that there are sufficient reserves for 6 months. But this, in essence, also means that Raymond Barre did not handle it so badly, did he? Now, the government proposes to bring about a tremendous increase in consumption. The interoccupational guaranteed minimum wage [SMIG] will rise to 3,500 francs, in other words, about 60,000 pesetas. The family subsidies to the aged and retirement funds will be doubled. The demand will increase, but the supply will not; because there is no confidence and, in addition, it will be necessary to cope with the demands for raises in the higher wages, wherein there is always a desire to maintain their difference from the SMIG. This does not help the battle against unemployment; and, on the other hand, it does foster the invasion of the French market by foreign products which are far cheaper and increasingly cheaper. In short, the prospects are by no means pleasing, not even for the short term.

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#### Nationalizations

Cl6: And what about the nationalizations?

JFR: This is a key issue, concerning which, insofar as I can observe, Mitterrand has succeeded in deception, even in Spain. His package of nationalizations is impressive and, in fact, it socializes the French economy entirely. When he is attacked on this point, Mitterrand always hides behind De Gaulle. But he has nothing to do with it. Mitterrand is nationalizing a vast number of business firms whose stockholders are small holders, people with savings and postal savings bank accounts; and, in addition, all the private and financial banks, which in turn control a huge number of industries. One can readily see that this number of nationalizations far exceeds that carried out by De Gaulle. De Gaulle nationalized unprofitable entities such as Coal yards of France, or carried out punitive nationalizations such as that of Renault, which was accused of having worked for the Germans. What Mitterrand wants to do would impose on the French economy limitations that would preclude its being considered a market economy or one of free enterprise any longer.

Cl6: However, during the election campaign he seemed to be abandoning many things.

JFR: During the election campaign Mitterrand was very ambiguous, and constantly used that double-talk which typifies him. On some occasions he said that his presidential program had nothing to do with the Socialist Party program; while on others, such as in the debate with Giscard, he accepted the socialist plan and all its nationalizations completely. In any event, his so-called "presidential" program was only slightly more moderate than that of the party. When talking with Giscard, he reaffirmed the fact that he intended to nationalize all of the private banks. Now let him explain how that can be done and, at the same time, avoid a totally state-controlled and bureaucratic economy. On the other hand, in an interview that I held with him for L'EXPRESS, he appeared completely moderate and circumspect, claiming that the model of society would not be changed, to the point where I had to call him later on the telephone to point out that, during the entire interview, he had never uttered the word socialism. He asked me to send it to him, so that he could add something containing that word in the margin. And he did so.

There is something that is clear. If the socialists and communists gain the 300 deputies in the forthcoming elections, I don't see how they will be able to resist the rank and file of their parties, to prevent all that their leaders have promised them, in writing. It must not be forgotten that the PS rank and file militant is as collectivist as the communists. These are ideologists in the style of Chevenement (leader of the PS left wing and minister of technology and research).

#### The Double-Talk

Cl6: Let's speak a little more about Mitterrand's "double-talk".

JFR: Precisely because Mitterrand has always used double-talk, one day appearing more of a Social Democrat than Schmidt, and the next, more radical than Brandt, it is obvious that all his real policy depends on the results of the legislative elections. It will also depend on the number of socialist deputies who need

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communist votes to win in the runoff election. To give the readers of CAMBIO 16 an idea: In the assembly which has just been dissolved, there were 117 socialist and radical socialists deputies of the left; now then, of those 117, only 12 had been elected without a need for communist votes. A socialist landslide could occur, and there may be many socialist deputies who do not resort to the communist vote. But that simply means that the socialist vote has become radicalized, and that the votes in favor of the PS extremists have increased. On the other hand, if Mitterrand has only five or 10 deputies as a majority, the moderates, such as Charles Hernu, who is a classic Mendesist, will be in command in the government.

Cl6: But if he has to get along with such disparate people in order to govern, will Mitterrand be able to maintain France's international position?

JFR: Actually, there are in the French socialist world positions as different on international policy as on domestic policy. In the present team, there are individuals totally opposed to NATO and EEC, who practice a sort of Red ultranationalism and who would completely accept the closing of the borders, because Europe means the multinationals; and, on the other hand, there are veterans of Europeanism, not only in the government, but also among the immediate advisers, such as Pierre Uri, who was with Jean Monet, and others. Then there is another major sector which is essentially Third World oriented and anti-American, and which does not consider the USSR a threat, because the real threat is the United States, imperialist capitalism and all that....So there is friction, and there will be friction in the future; it will increase, and obviously that will result in a weakening of France's international position. Now then, Francois Mitterrand has, in succession and at the same time, used the language of each one of the movements, waiting to see which is the one in command in the party. For the present, the matter is distributed rather in favor of the Third World proponents and the leftist ultranationalists, with a few bouquets for the Atlantists and Europeanists. One need only note who his preferred guests were on the day of his "coronation": the Gabriel Garcia Marquez's, etc; whereas no dissident, not even those who are closest to the PS and who live in France, was invited. And who advises him on external affairs? Regis Debray, who is an agent of Castro propaganda, as everyone knows, I mean that it is an honorable profession....It would suffice to say so publicly and clearly. But that is very disturbing, because Mitterrand neither knows nor understands anything about the Third World. Economically speaking, he is a nonentity. In domestic economic policy, he is beginning to understand something; but on international issues he continues to believe in the most childish things: for example, that if the underdeveloped countries are poor it is because the imperialists have stolen their raw materials, and so forth. Hence, we again encounter total error.

The Holy Alliance

Cl6: To conclude, after the fall of Giscard, where does the left stand?

JFR: As we know, the Gaullist RPR [Rally for the Republic] and Lecanuet's UDF [French Democratic Union] have become united in an electoral coalition. This is important psychologically, because the war, the hatred and the low blows between the two groups were perhaps the main cause of Giscard's defeat. Even in Chirac's own territory, in Correze, the RPR promoted voting for Mitterrand. Now the solution to this problem (and perhaps a possible balancing or compensation effect that is rather

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commonplace in France) may conceivably benefit the right. In spite of everything, I believe that the presidential majority will achieve the parliamentary majority. The opposite would be a great surprise. For the right, the most important thing is having found a leader in Jacques Chirac. Moreover, one observes among the French electorate a confluence toward a vast center. The French electoral map has undergone a genuine revolution. It can no longer be said that this or that region is a territory of the left, or vice versa. For example, the PCF [French Communist Party] has lost one labor and industrial zone after another, and has made some headway in underdeveloped agrarian regions. This is perhaps the only positive piece of information from the French elections. On the other hand, the moderate right vote tends to occupy the entire map of the nation, becoming deregionalized and mixed with the also moderate Social Democratic vote. In other words, France seems to be headed toward an electoral situation similar to that of the United States; that is, toward a disappearance of the traditional French electoral tribalism and toward the advent of an electorate that is permeable and changeable, depending on the individuals, the ideas and the programs offered it, or depending on the international situation, and this regardless of the strength of the leading local politicians. If Chirac knows how to read the French electoral map, and acts accordingly, he may bring about a great national trend in his favor. He should be no means turn the opposition into a right wing conservative group.

Mitterrand and Spain

C16: Will the relations between France and Spain improve with Mitterrand?

JFR: I have come to Spain for a few days to rest, to see bulls and also to become informed somewhat concerning the situation. Despite that coup psychosis that one detects among certain colleagues in the press and in some newspapers, I am optimistic about Spanish democracy. It has just won a notable victory in Barcelona. The updating of the policy, under difficult circumstances, has amazed Europe, and I believe that coupism, if there is coupism, has received a sharp blow, if I may use the play on words.

As for Mitterrand and Spain, I feel that I am being repetitious, but we are faced with the same problem of double-talk. In principle, as although he has never said anything concrete or precise, Mitterrand and the socialists should be more favorable than Giscard; and regarding the ETA [Basque Fatherland and Liberty Group], after Regis Debray's appointment, I hope that I am wrong, but I don't want to delude myself, I don't believe that the Spaniards can do it.

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POLITICAL

FRANCE

DEBRAY'S CUBAN TIES, GOVERNMENT ROLE EXAMINED

Madrid CAMBIO 16 in Spanish 15 Jun 81 pp 66-67

[Article by X.D.: "The Cuban Connection"]

[Text] When President Francois Mitterrand named Regis Debray a personal adviser for foreign affairs, the shock and uneasiness increased in the Western foreign ministries, and particularly in those of Latin America.

Now, and for the good of civilization, Fidel Castro has just given the presidential adviser exceptional support, by entrusting Cuba's representation in the UNESCO executive body to Alfredo Guevara who, in addition to holding positions associated with the "revolution's" cultural activities, is the person in the leader's closest confidence and that of his brother, Raul, in the dark maze of security and the Cuban secret services, according to reliable sources.

Alfredo Guevara is a long-standing member of the Cuban Communist Party who, at one time, when upset, embarked on a crisis with the orthodox communist movement and went into exile in Mexico, coming in contact with Fidel. When the latter overthrew Batista, Guevara was one of the organizers of the first Cuban security entity, along with Cienfuegos and others.

This man of culture and good taste studied in Paris, and later in Prague. In Cuba, he has served as director of the Film Institute, and is now vice minister of culture.

In fact, Western intelligence specialists and services consider him an essence of a "Father Joseph" in the Cuban secret services; and he has always been at the side of Fidel Castro on "historic" occasions, such as those in Bogota or Chile.

Some of the Cuban politicians and intellectuals now exiled or jailed in Cuba were personally interrogated by Alfredo Guevara.

The Mission in Paris

In these circles, which are generally very well-informed, it is claimed that Alfredo Guevara's function in UNESCO is a mere cover. His true mission is that of serving as a direct contact between Fidel Castro and Regis Debray. Debray's presence in an office at the Elysee is like manna falling from heaven to Castro.

In fact, the Cuban Embassy in Paris is filled with personnel who are completely devoted to the USSR, whereas Guevara, although he is a communist, is primarily a member of Fidel's system and apparatus.

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Another important endeavor of Alfredo Guevara, to be carried out together with Regis Debray on the splendid platform that has returned to his Paris for such things, consists of the organization of a World Congress of Solidarity With the Cuban Revolution, to be held in Havana, which would be an imitation of former demonstrations at the time when Castroism enjoyed great prestige among the leftist intellectuals all over the world.

This involves the reconstruction of that fabulous propaganda system, based either on self-interest or gratuitousness, and fostered with invitations to hundreds and hundreds of intellectuals and artists to visit Cuba.

In fact, nothing of all that remains in Europe any longer, despite the assiduous defense of Castroism on the part of writers such as Garcia Marquez or Julio Cortazar.

Alfredo Guevara has just concluded a first stay in Paris, to which he will return in September. His position in UNESCO has left him a large amount of free time.

Whereas, in the cultural area, Alfredo Guevara's preferred occupation is films, in the realm of security and secret services, one of his specialities, there are the subversive and national liberation movements, and there have been indications of very concrete relations on the part of this individual with the POLISARIO (Front) [Popular Front for the Liberation of Saguia el Hamra and Rio de Oro].

This is not the first time that UNESCO has served as a platform or cover for that kind of business.

Without going further, in connection with Spain CAMBIO 16 has learned that, until recently, a high-ranking South American (although not Cuban) official of the international organization was responsible for shipping to Spain money from Cuba that was destined for various extreme leftist organizations.

This money was received in Barcelona by the person who until her death 3 years ago was the Cuban consul, Marina Diaz Arguello, who also held the position of consul in the Canaries, a major Cuban and Soviet espionage base.

In this regard, it may be recalled that the head of the Fishing Institute in Cuba is Isidoro Malmierca, the number one security man.

Havana's interest in subversion in Europe, especially in the Mediterranean countries, is long-standing. It may be recalled, not without interest, that Regis Debray was Fidel Castro's contact with the Italian editor, Feltrinelli, when the latter, before being assassinated, was financing the organization of the first terrorist groups in Italy.

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POLITICS

ITALY

NEW LAW ON STATE SUBSIDIES TO PARTIES PROPOSED

Milan EUROPEO in Italian 14 Sep 81 pp 10-13

[Article by Luciano Santilli: Double or Nothing]

[Text] Financing for our political parties. Deeply in debt incurred by increasingly costly staff and apparatus, Italy's political parties are keeping their fingers crossed pending enactment of a bill that would double the already controversial subsidies they get from the government. Just how do they spend the money entrusted to them? Are all expenditures justified? And do the official financial reports tell citizens the whole truth?

The democracy factory resumes operations this fall amid a sea of troubles. Things are not going at all well, not only because its customers, the voters, have grown hard-hearted, and are looking with increasing lack of interest at the generally mediocre quality of the product. The parties are in danger of permanent shutdown, or of subsisting on starvation rations because they are plagued by debts and by budget reports leaky as so many sieves. Warns Renato Altissimo, Minister for Health and administrator to the Liberal Party (PLI): "The smaller parties simply don't have the clout or, if you will, the business income the PCI is said to have from business activities, nor yet do they enjoy the advantages that come from peopling the civil service and the State, as does the DC. If the government does not intervene, Italy will very shortly have a two-party system, and the smaller ones will just fade away."

Like everybody with debts big enough to make them candidates for bankruptcy, party administrators dream of a stroke of luck that will instantly put them back in the black and satisfy their voracious creditors. The parties have been preparing for this magical turnaround, semi-secretly, for months now: a new public finance bill, which will practically double the amount set in 1974 (45 billion lire per year plus the extras provided for election campaigns), and, most importantly, will peg it to inflation, is all ready. When they plucked up courage to place a draft bill already approved by the Senate on the Chamber agenda, the political leaders knew very well that they were challenging public opinion.

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The operation is not one of the block-busters that leave great gaping holes in the national budget: the total cost of financing for the parties, which will reach 120 to 130 billion lire, will not exceed 3 ten-thousandths of the GNP. And yet the Radicals have vowed an all-out battle to stop it, armed with more than 8,000 amendments. Roberto Cicciomessere, who wrote most of them, will make some fairly far-out proposals. For example, one amendment would confine financing to parties winning more than 5 percent of the vote. In this way he will give his comrades ammunition to take exception to his amendment in interminable speeches which will effectively tie up the Chamber. The need for hard cash for the parties is so urgently pressing, though, that hush-hush negotiations are already under way to fend off such a threat. Parliament's pledge to appropriate billions for fighting world hunger, the Republicans' perennial demand, is rumored to be the price for calling off the filibuster.

Actually, not even the Radicals are still making an issue over the legitimacy of public financing. "The voters, albeit by a very shaky majority, have said they want it, and we must take due note of that," admits Cicciomessere. Furthermore, there is some cogency to the tally-sheet now circulating among party administrators: the 45 billion lire from 1974 are worth, in real terms today, about a third of that. On the basis of those figures, there is a lot more muscle to the arguments of those who demand that the moralization process, the linchpin of the platform of the government Giovanni Spadolini heads, be conducted without hypocrisy. In other words, that State financing be adequate to enable the administrators to resist the temptation to mingle it with other, less immaculate sources.

The touchstone for measuring the legitimacy of the parties' call for help thus turns out to be quite a different one. How did they use the money they have already got from the taxpayers? What has changed in the composition of their revenues since 1974? While the answer to the first question must perforce be that they spent it the same way they spent funds before, with the extra safety net of a guaranteed income, it is also easy to note that there are parties, such as the Republican Party, which already depend for very large percentages of their funds on a check from the Office of the President of the Chamber.

The major parties, with the PCI and the DC in the lead, count heavily on contributions from members and sympathizers. Their annual reports contain entries bulging with billions, such as "acts of generosity," or "miscellaneous revenues." DC administrator Filippo Michele would never admit, any more than would his colleagues, Franco Antelli of the PCI or Giuseppe Gangi of the PSI, that that money wasn't laboriously scraped together, a thousand lire at a time. And yet they cannot dispel the irresistible suspicion that there are just as many unmentionable contributions now as there were in the recent past -- a past spattered with scandal and corruption.

They say in the Radical Party: "The parties informed the voters: you must finance us out of the public monies, or else we'll steal, we'll be corrupted. Yet how many sordid stories have come to light since

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1974?" In short, it is by no means certain that the public contribution has in fact raised the level of morality in politics, or that it has kept parties and factions immune to the temptation to seek the disreputable charity of rogues and scalawags looking for protection.

No such grant as the one enjoyed by the Italian parties exists in any other European country, although there are many facilities made available in the form of services for political activity.

Cash financing, however, is still vital to the Italian parties, a far cry from the 19th-century model, still working in the United States, of campaign organizations which are pared down to practically nothing in off years. "The money from the State has shored up the party apparatuses, born of a tendency toward bureaucratization that stems from their extremely ideological character, in pursuit of a solid consensus on the principles rather than the practice of governing," reflects Giuseppe Ruspantini, the PRI's administrator.

The figures are eloquent (see table). The DC spends more than 6.3 billion lire a year on salaries, about half what it spends on the press and propaganda (those two items are the costliest for all parties). "We have cut staff, we have worked out systems for using people better, but the barnacles, the petty privileges, and sundry people sent round with recommendations are there, all right, in party offices as elsewhere," Micheli complains.

Altissimo has conducted bloody RIFs: the PLI has cut its payroll from 130 to 50, yet even that skeleton staff costs almost 700 million lire, nearly half the regular yearly contribution from the State. Clearly the perfectly oiled organizing machine of the PCI, costing 4.1 billion lire a year, should qualify Antelli to run the personnel office of a multinational solely on the grounds of his efficiency. There are those who still wonder, though, how the figures in the annual report jibe with sums under the charitable contributions heading, upon which, one way or another, the Communist Party depends.

Not all the praise -- or all the blame -- of course, falls on one side: the Social Democrats (5.3 percent of the vote in the last elections) spend close to a billion lire on their leaders, executives, and employees, and another billion and a half (those two items alone swallow up the entire State contribution) goes for operating expenses (telephones, rent, organizing expenses, and travel). Either they are spendthrifts, or else the DC's Micheli is a wizard because he has never exceeded 1.2 billion lire to maintain a machine that rakes in better than a third of the vote.

Even the parties whose organization is largely a matter of fantasy and the good will of their members, like the Radical Party and the Proletarian Unity Party (PDUP), run up heavy expenses, albeit commensurate with their showing in the elections. Salaries are not, as they are in the DC, pegged to the contract pay for office workers and the Roman electric utility workers, nor yet do they match those in the PCI, which are pegged to the metalworkers' wages. Francesco Rutelli, secretary of the Radical

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ENTRATE (Revenues)		DC	PCI	PSI	MSI	PSDI	PLI	PRI	PR	POUP
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2) CONTRIBUTI DELLO STATO (inclusa la rimborsa per spese elettorali regionali e europee)		25.557.615.553	70.722.904.469	8.244.176.619	4.881.984.113	4.163.898.979	3.118.676.843	3.421.955.564	2.837.383.107	1.975.503.884
3) PROVENTI TRAMANDATI DIVERSI		775.300.075	1.431.475.272	799.701	---	71.797.974	10.015.346	79.036.986	11.744.976	6.798.484
4) ENTRATE DIVERSE		3.153.424.587	21.947.717.321	3.316.909.454	11.209.960	120.472.000	---	4.776.100	45.598.464	133.062.970
5) ATTI DI LIBERALITÀ		55.36.274.325	6.150.000	47.805.000	458.114.172	507.998.907	198.529.210	72.140.950	242.538.895	187.775.330
TOTALE ENTRATE		41.869.561.183	65.743.846.107	16.960.192.533	5.657.250.753	5.375.448.510	3.500.551.399	3.696.376.622	3.220.833.573	2.965.712.958
USCITE (Expenditures)										
1) PERSONALE		6.398.503.595	4.163.053.508	1.852.876.590	623.048.353	974.938.931	694.303.086	764.060.758	141.008.275	138.274.417
2) SPESE GENERALI		1.292.736.794	7.533.051.277	3.625.505.743	1.701.579.762	1.523.735.878	401.625.602	426.963.296	278.631.357	585.285.279
3) CONTRIBUTI ALLE SEI E ALLE ORGANIZZAZIONI		13.754.925.315	38.796.229.878	5.843.358.163	1.003.706.940	1.399.651.003	876.116.799	878.767.600	33.463.611	556.546.040
4) SPESE PER ATTIVITÀ EDITORIALI, DI INFORMAZIONE E PROPAGANDA		12.760.068.160	16.597.650.967	4.508.106.820	869.193.166	628.175.303	291.233.002	165.354.532	2.703.441.340	403.125.642
5) SPESE STRAORDINARIE PER CAMPAGNE ELETTORALI		2.429.791.199	3.798.191.745	1.852.452.070	1.664.279.552	1.072.505.566	755.683.823	652.501.004	170.282.338	500.810.405
TOTALE USCITE		41.813.563.684	70.890.567.340	17.827.298.596	5.953.457.143	5.810.240.762	3.278.963.505	2.837.146.190	3.336.518.979	2.297.477.873
DIFFERENZA		+ 55.997.509	- 5.146.721.238	- 722.106.063	- 296.706.890	- 434.772.252	+ 140.587.894	+ 859.222.442	- 106.485.356	+ 88.870.575

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KEY TO TABLE

BOOKS IN THE PARTIES' POCKETS

REVENUES

1. ANNUAL MEMBERSHIP DUES
2. CONTRIBUTIONS FROM THE STATE  
(including reimbursement for regional  
and European campaign expenses)
3. MISCELLANEOUS FINANCIAL REVENUES
4. MISCELLANEOUS INCOME
5. ACTS OF GENEROSITY

TOTAL REVENUES

EXPENDITURES

1. PERSONNEL
2. GENERAL EXPENDITURES
3. CONTRIBUTIONS TO PERIPHERAL HEADQUARTERS AND ORGANIZATIONS
4. EXPENDITURES FOR PUBLISHING, INFORMATION, AND PROPAGANDA
5. EXTRAORDINARY EXPENDITURES FOR ELECTION CAMPAIGNING

TOTAL EXPENDITURES

DIFFERENCE

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The total expenditures reported by some parties include some not classified under any of the five headings in the table. The difference between revenues and expenditures in some cases is not equivalent to a real deficit. Parties which had accumulated a surplus in the preceding fiscal year may choose on some occasions to carry it over into the revenues for the next fiscal year.

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Party, makes 400,000 lire net. And yet it takes only supporting organizations parallel to the party, such as the Calamandrei Center or Friends of the Earth to start a hemorrhage that will wipe out the cushion of any economies. During 1979 and 1980 the PRI has accumulated a deficit of some 860 million lire.

The burden of the peripheral structure, the sales subsidiaries of the party-owned businesses, is even more horrendous. The Socialists hit 5.8 billion lire, and the PCI lays out better than 38 billion to back up its 12,000, not to mention sections and their federations.

To be silent is a fate tantamount to death. All Italian parties are clearly agreed on the truth of that axiom, judging by what they spend on the press and propaganda.

Except, that is, for UNITA, which does run in the red, but which boasts a circulation which, on certain holidays, tops a million. All the other party papers have almost invisible circulation: a few thousand copies of IL POPOLO (all DC members of parliament and leaders are required to subscribe), AVANTI!, IL SECOLO D'ITALIA, and UMANITA. The tab: billions for the DC and PSI, hundreds of millions for the MSI. The herculean efforts the Republican Party has made over the past 24 months at economies have gone to revive LA VOCE REPUBBLICANA, which was mired in debt and losing money.

To stanch this growing hemorrhage in expenditures, which depends partly on actual cost increases and partly on the parties' stubborn conviction that the strength of the apparatus and the volume of propaganda are directly proportionate to success at the polls (a look at the figures will show they are wrong), the subsidy simply didn't have a chance. That is why the parties keep asking their members for more and more help. Party cards cost more; the targets for contribution at party festivals are more and more outrageous; there are more and more celebrations and demonstrations, risky operations which often do not even pay their costs.

In Parliamentary circles it is no longer the communists alone who complain day in and day out about having to turn over a fat slice of their subsidy to the party. Giovanni Cuojati, the Social Democrats' administrator, has had alternately to beg and throw tantrums to get what he wanted from his own party's deputies in the Chamber (the party is over 5.5 billion lire in debt). In the other minor parties, too, alms from MPs is already accepted practice.

And even so, this is not enough. The cost of Italian politics, officially quoted at around 154 billion lire, is in fact far higher. So the beleaguered bookkeepers do the best they can with unfathomable jugglings. Bartolo Ciccardini recounts this peculiar occurrence: the DC in Rome entered 600 million lire in its accounts as collections for party cards, which in fact had not been issued for 2 years. Underground rivers of money sometimes ooze up, no matter how careful the administrators may be.

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"Their annual reports, moreover, while they show cash on hand, do not include either a statement of financial health (indebtedness to banks, social security, or suppliers) or a list of assets (real estate, companies engaged in business, real estate, or tourist-trade activities)," explains Benito Covolan, president of the Financial Analysts' Association. "At this rate various arrangements by the national leadership can incur debt, receive financing and gifts that do not show on the books without anyone's knowing about it. The way they are compiled and written these days, the parties' annual reports are a mockery."

The Communist Party owns, in addition to its headquarters on Via delle Botteghe Oscure and other premises in Rome, 30 percent of its section headquarters scattered all over Italy. But they do not appear on any official statement. Equally mysteriously missing from the report are the names of the construction and real estate corporation which owns real estate on behalf of the DC, and the names of Sofinim and other corporations run out of the Socialist Party's administrative office.

Only in this last-named party is there anything like open and unashamed admission of the possibility that the party might be engaged in business activities which help to pay expenses. Actually, a good many administrators commonly engage in financial transactions which are sometimes put through with the guaranteed yields on treasury bills (DOTs) or government bonds (Republican Ruspantini, for one, admits doing this sort of thing), and sometimes floated on the riskier ups and downs of the stock market -- a practice which recently had a lot of administrators wringing their hands because they had acted on bad tips from unreliable sources, according to a persistent rumor at Montecitorio.

These parallel activities are a kind of second job, providing additional income which could never replace the essential revenue from the public subsidy. This is why, avoiding unnecessary publicity, the parties are going to see to it that the Chamber very quickly increases the set hand-out for all of them. Beginning next January, the contribution will be updated on the base of an index maintained by the Central Statistics Institute (ISTAT) minus a third, calculated on the total national tax revenues. Reimbursement for campaign expenses, however, will be made immediately and in toto, rather than being spread out in payments over the legislative term.

"We do not produce goods; we are not like companies that can raise the price of their products," Micheli argues. The complex machinery that protects against inflation but also helps to fuel it is not, however, the only major problem facing Italian companies. The other big push is to boost productivity. And it is on this score that even those who admit the legitimacy of public funding and who are sympathetic to the request for an updating tend to worry a little. What evidence of increased efficiency have the parties produced since 1974?

Their productivity, measured in ideas and laws for better governance of the nation, does not seem to have grown. Perhaps the money given the parties was not simply thrown away, but so far it certainly is not what anybody would call a lucrative investment.

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But Are They Public or Private?

That is anything but an academic question to Italy's political parties. According to the law, political parties are free associations of private citizens, without status as a corporation or fictitious person. Public financing for them was arrived at on the principle that they are public agencies which contribute to the life of the democratic State. "It is clearly an anomaly, which ought to be done away with," admits Ugo Spagnoli, vice-chairman of the Communist MPs. It is an anomaly which illustrious jurists have suggested redressing by changing the parties into legal organs (corporations). It is also quite probably a major obstacle to any system of effective control on their budgets. The audit of party books by a committee of auditors, even in the more rigorous version which Parliament will write into the new regulations on public financing, is in fact a mere formality. The secret books of the political parties will remain in the jealous custody of the party administrators. Legally recognizing the fact that the parties are indeed public organs would make it possible to bring them into the purview of the Audit Office.

Against this eventuality, however, there are no less belligerent arguments. "The principle of control must be made to guarantee the propriety of all revenues; it must not be permitted to shackle the freedom of the parties to use their resources as they see fit," is the conviction of Francesco Paolo Bonifacio, former minister of justice, who reported out to the Senate the bill now before the Chamber.

These views carried the day in the Senate partly because the new regulations unquestionably make the annual reports more credible, extend the requirement to publish financial records to splinter groups and lone politicians, and threaten to cut off public contributions for incomplete or improper reports. Other regulations, however, leave room for doubt. For instance: contributions of less than 5 million lire per year may remain anonymous.

Gustavo Minervini and other independent leftist Deputies, while they favor State financing, consider the text of the bill as approved by the Senate inadequate, and have therefore drafted a number of amendments: a requirement that party administrators retain all documents and papers bearing on their accounts and make them available to the Audit Board, and another requiring the Office of the President of the Chamber to conduct informal audits.

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POLITICAL

SPAIN

PSOE'S GUERRA OPTIMISTIC ABOUT PARTY'S PROSPECTS

Madrid CAMBIO 16 in Spanish 7 Sep 81 pp 31-33

[Article by Juan de Dios Mellado]

[Text] "If I didn't know his voice, I would say that it was a UCD [Democratic Center Union] 'progressive' speaking." This was how a Socialist mayor on the Costa del Sol summarized Alfonso Guerra's speech to businessmen in the tourist and construction industries.

Another mayor was even more terse: "He talks like a government official," and a third, from the Labor Party, added: "There is no reason for the PSOE [Spanish Socialist Workers Party] to exist after what Guerra said. That's what the UCD is there for."

The pale, completely untanned Alfonso Guerra seems to have spent his entire vacation trying to figure out how to put his party and Felipe in Moncloa.

"I have the impression that this is how it will be. At least the polls show us to be sure winners, although we all know that they change a lot, and you cannot mechanically claim that they are borne out precisely. Now then, we have a chance to win and to have an sizable majority." Guerra feels that neither the administration nor the UCD will be able to hold out until March 1983. "They've run out of replacements and are incapable of offering hopes to the country because they can't even offer hopes to their own voters. I am convinced that the UCD won't make it to the next elections."

Elections in 1982

According to the Socialist leader, the elections will be moved up to the fall of 1982, and "if you prod me further, to the spring of next year." The government itself is also considering this likelihood and has already shown its nervousness by inventing ridiculous things like secret pacts with foreign powers.

Alfonso Guerra designed his party's electoral strategy at his summer retreat in Tarifa (Cadiz). At least that is what we can gather from his remarks.

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"My duty so far as the person in charge of the election campaigns has been to convince the country that we are going to win and to dispel any mental blocks that people might have against the Socialists by conveying a sense of calm. We have a political and even a moral obligation to prepare for the contingency of having to govern." Guerra, who does not exactly have a reputation as a moderate, is neither frightened nor worried about the role that he might have to play in this entire operation. "I don't know whether explaining all this to the country means becoming a moderate," and he challenges anyone to prove that "what I am saying now are not the same things that I have always said."

Of one thing he is certain: If his party does not win a large enough majority to govern, it will not turn to the communists. "I have the impression that we will not go along with the communists, and I think that the communists are as aware as we are that a Socialist-Communist government is not feasible, at least for the time being. Agreements and compromises can be reached, but outside the government."

He has an alternative answer, and his eyes turn to certain factions of the UCD, but this does not mean that the Socialists are trying to sink the centrists, "because the poor fellows are already in bad shape, but some of them could fit into a Socialist government."

The French experience, "which we are monitoring with great interest," is not a model for Spanish Socialists either, because each social situation demands a different approach and different changes.

But a socialist political map of Europe is already taking shape in Alfonso Guerra's mind. "Our certainty comes from our ability to offer the country hope, because Spain wants a change." He draws the following conclusion as he sinks down into one of the plush sofas at the Marbella inn: "There is no one else besides us, except for the people who have been in power since the dictatorship, and they aren't offering any guarantees to the citizens."

#### PSOE Congress, Everything in Place

There is not a single cloud in Alfonso Guerra's mind portending stormy weather at the upcoming PSOE congress. "We have become convinced of our responsibility, and common sense has settled in in the party."

The PSOE's "number two man" feels that "positions will be very uniform at the upcoming congress, although there might be some differences." He expressed his complete conviction that "the internal crises plaguing the parties will show up the least in the PSOE congress." His almost total assurance was faithfully reflected in his almost 2-hour talk with businessmen and PSOE activists. He would then tell CAMBIO 16 that his party's leadership is working full bore to prepare for the "political entry, which will not be a military parade or an easy stroll," and in which Felipe Gonzalez will again play a major role after a certain period of rest and calm.

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Felipe Gonzalez will emerge from his "barracks" and, from what we can gather from Alfonso Guerra's remarks, will return of his own accord. "Felipe is important, but he is not everything," Alfonso Guerra noted. "Because regardless of all his good qualities, his ability to get across to the people, his personal charm and political imagination, in a party like ours, Felipe Gonzalez is not everything." To Guerra, there are other things too: strong roots, a great organization, unbeatable cadres "and a party leadership headed up by Felipe, and it's not by chance that the two go together."

The PSOE, which almost seems to be tasting power already (if we go by Guerra's arguments and hopes), could not have had this kind of leader without its organization behind him, nor could the party organization exist without Felipe Gonzalez and the teamwork accomplished in recent years.

"This is not the Guerra I know; they've switched him on me," said a Socialist at the conclusion of the talk. No playing to the gallery, no headline remarks, not even a "barb." Self-controlled, measuring his words, although this time it was Sancho Rof who infuriated him. Any self-respecting administration would have quickly gotten rid of an inept minister like Sancho Rof. But there he is, and no one can kick him out. And Guerra exclaimed "Since he's the UCD boss in Pontevedra, anyone can get rid of him."

Guerra is so convinced that the PSOE will win the next election that not even Calvo-Sotelo causes him to lose sleep, much less makes the victory a bitter one. With Andalusian, if not Galician sarcasm, he says: "The bitter victory will be because of the grief on his face, the infinite sadness reflected on his face. I think he's a good election adversary; I, at least, prefer him to someone else."

In an air-conditioned, four-star hotel with plush cushions, Guerra could be taken for a tourist who has lost his way, with his enormous glasses and eyes that look but do not see. His feet are firmly planted and his head is as cool as a computer, however. "No one should fool himself, because this country's problems can't be solved in 4 days or even 4 months."

Unemployment, inflation, industrial reconversion, the redistribution of income, interregional solidarity and increased public investment are some of the issues that the PSOE will exploit in the election campaign. "Halting the drop in employment and creating new jobs will be one of our main objectives."

In Guerra's opinion, the first thing to do to accomplish this is to create a climate of confidence, to rescue ourselves from the economic chaos that government authorities have gotten us into. In this regard, the Socialists feel that they have one unavoidable task: to shatter the network that has a monopoly on credit policy and to end the widespread paralysis of investment and low productivity. "Only the PSOE can do this, even if it has to confront the nine banks that dominate the economy and control credit." And the Socialists are preparing for this ruthless struggle, which in the

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Socialist leader's opinion has already begun on the Right, which "has tried to create a climate of fear by insolently claiming that people could lose their cars and television sets or by employing more sophisticated techniques and saying that we have sold out to a foreign power."

Another Kind of Capitalism

The 1 percent who control 25 percent of the country's wealth will have an implacable enemy in the PSOE, to judge by Guerra's remarks. He said that if the Socialists come to power, they would apply drastic fiscal pressure, clarifying that they are not against business, just a certain powerful and parasitic sector that produces almost nothing. "We would replace plundering capitalism with productive capitalism, inasmuch as you cannot use the word businessmen to describe the people who have engaged in criminal profiteering with cooking oil, killing more persons than terrorists have this year. We cannot tolerate what is happening with Fidecaya and what is going to happen with Banco Occidental. These 'businessmen' are going to have an implacable enemy in the PSOE."

"A change in the system, not a change of administration, is the only thing that can work in Spain right now, as has happened in France, and all of this on the basis of consolidating democracy. The current administration has pursued a policy of gestures, of taking problems more seriously and of acting with greater foresight, but that's as far as it has gone and it has not inspired confidence within society or within the administration itself, because it hasn't taken any serious steps, such as firing Sancho Rof."

He then fires out a question that resounds through the hotel hall almost like a shotgun blast: "What kind of confidence can a government with a minister like that generate?"

He does not want to unveil the election campaign strategies that the PSOE's minds are devising, because one of the party's targets is now the NATO issue.

NATO Membership Without Consultation

"They'll force it through on us, without consulting the people. I would like someone in the administration or the UCD to explain to me why Spain is joining NATO, because none of the arguments essayed so far is valid, or to be more exact, no one has explained the advantages to me."

The issue of NATO membership will be the first major skirmish, paving the way for the frontal assault on power, and according to Alfonso Guerra, the administration and its party are not waging a clean struggle.

"There was no reason for the government to publicize the military's resolution on the NATO issue. In any case, the military is just an advisory body, and it's not honest to use it like the UCD has done. The fact of the matter is that the Right is prepared to resort to all sorts of arguments and ruses to sidestep a referendum."

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Alfonso Guerra's keen political nose tells him that the NATO issue is already virtually decided, although the Socialists have to uphold their views, out of "particular concern over the shameful way in which the UCD apparently negotiated membership in NATO." Surrounded by socialist disciples, Guerra adds pragmatically that the government should have first secured full-fledged membership for Spain in the European Economic Community and then in NATO, not the other way around.

"The UCD should not use the military as a screen for its strategy, because with or without NATO what our Armed Forces need is a major technological overhaul.

"For political reasons, among other things, the Armed Forces have to be updated technologically, and some of their members have to forget about their notions of a coup, so that, furthermore, they can be of use for something, so that they can be strong and so that they can fulfill the missions that the constitution entrusts to them."

He feels that the operational divisions, duly modernized and overhauled, ought to be stationed at our borders, not in urban centers or at worker rallies, "to give them the feeling that they are defending the nation, and not against (put it in quotes) 'internal subversion.'"

"In any case," Guerra says, summarizing his previous thoughts, "we Socialists are not going to have it easy. It will take more than a day to break the resistance of much of big capital and to rid the atmosphere of specters. The lack of confidence that the Calvo-Sotelo administration is prompting in itself might lead people to begin placing their trust in us."

The economic program that the PSOE will present at its upcoming congress and that was drafted in its entirety by Basque economist and deputy Carlos Solchaga, is reported to be almost completely social democratic. Guerra himself was hesitant throughout his address and remarks about the thorny and ticklish issue of nationalizations.

"For the time being," he said, "we will nationalize the high-tension grid, and what happened to Suarez won't happen to us, in the sense that when he announced this move, he suddenly got 1.3 billion pesetas to finance the UCD's campaign."

Generating confidence among businessmen and the social and economic sectors and throughout the country will be the socialist platform for getting to Moncloa, with a clear-cut social democratic program that will go after votes on the center-left.

This is why Guerra was very careful with his words. "We must not confuse nationalization with socialization."

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Guerra could not help getting in this barb: "There's Calvo-Sotelo on a pleasure trip in the Aegean, and back here he's trying to sneak through a goal on us with the Gibraltar issue."

In Tarifa, with the Rock in the background, Alfonso Guerra sifts through the socialist economic program that Solchaga prepared and that Guerra will have to "turn into a vehicle" at the upcoming Socialist congress, the congress of homogeneity.

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